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TAXATION — PARTICULAR FORMS OF TAXATION — INHERITANCE TAX ON PROPERTY EMBEZZLED BY EXECUTOR. — An executor embezzled large sums from the estate, and the state charged the residuary legatees with an inheritance tax on these funds. *Held*, that the tax is properly laid. *In re Hie's Estate*, 113 Pac. 1072 (Cal., Sup. Ct.).

Since an inheritance tax is a tax on the right of succession and not on property, it should be determined when title vests in the distributee and not when he is given possession. *Matter of Sloane*, 154 N. Y. 109; *Estate of Woodward*, 153 Cal. 39. This, it is universally agreed, is at the testator's death, for it is then that the legatee's beneficial interest accrues. *Mechanics' Savings Bank v. Waite*, 150 Mass. 234; *Matter of Davis*, 149 N. Y. 539. Accordingly, appreciations or depreciations subsequent to the testator's death do not affect the amount of the tax. *Hooper v. Bradford*, 178 Mass. 95. But a legatee is never beneficially interested in sums which must be paid for lawful debts of the estate or reasonable expenses of administration, as in no manner can he receive these. They are, therefore, deducted from the value of the estate in determining the tax. *In re Estate of Graves*, 242 Ill. 212. But this deduction is limited to lawful debts and reasonable expenses of administration. *Matter of Liss*, 39 N. Y. Misc. 123; *Matter of Havemeyer*, 32 N. Y. Misc. 416. In the principal case, the legatees were beneficially interested in the embezzled funds, so this misconduct of the executor should no more affect the rights of the state than would an improper expenditure of the funds for the estate.

TRANSFER OF STOCK — REFUSAL BY CORPORATION TO PAY TRANSFEREE BECAUSE OF TRANSFEROR'S INDEBTEDNESS. — The certificates of stock of the defendant bank provided that it was transferable only on the books of the bank. A stockholder assigned a certificate to the plaintiff without notice to the bank, and subsequently the defendant lent to the transferor. Because of this debt, the defendant refused to pay the plaintiff certain sums due to stockholders. *Held*, that the defendant must pay. *Union Bank of Brooklyn v. United States Exchange Bank*, 127 N. Y. Supp. 661 (App. Div.).

The effect which provisions requiring registration of stock transfers in the books of a corporation have on the rights of the transferee and subsequent creditors of the transferor has been the subject of considerable conflict, but the better view protects the transferee. *Continental Nat. Bank v. Eliot Nat. Bank*, 7 Fed. 369. *Contra*, *Buttrick v. Nashua & Lowell Railroad*, 62 N. H. 413. See 16 HARV. L. REV. 312. On principle this provision in a charter or certificate should affect only the rights of the corporation and its stockholders *inter se*. *Mount Holly, etc., Co. v. Ferree*, 17 N. J. Eq. 117. The question is then raised as to what must be stipulated in the charter or certificate and what rights of the corporation will be protected. It is clear that if it is provided that no transfer is valid unless registered and the transferor's debts paid, the corporation will be protected as to all debts incurred prior to notice of the transfer. *Union Bank v. Laird, & Wheat*. (U. S.) 390; *Rogers v. Huntingdon Bank*, 12 Serg. & R. (Pa.) 77. But in the principal case, the only provision was for registration, and in the absence of express statements, the common-law rule giving no lien to a corporation on its stock for debts due from its stockholders should be followed. *Bank of Holly Springs v. Pinson*, 58 Miss. 421. The effect of this provision should be limited to protecting the corporation for paying dividends to stockholders of record or allowing them to vote. *State ex rel. White v. Ferris*, 42 Conn. 560; *Smith v. American Coal Co.*, 7 Lans. (N. Y.) 317.